

CONFIDENTIAL

State

21 May 1987

MEMORANDUM FOR:

Information Management Staff
1D4109 Headquarters

FROM :

State Cover Branch/CCS
6B00 Headquarters G-32493

SUBJECT :

Request for Research Assistance Regarding
James McCargar

1. Enclosed is a packet of papers from my counterpart office at State relating to an Inspector General attempt to assist James McCargar, a Foreign Service Officer from 1942 to 1953, in developing information to improve his situation. In brief, Mr. McCargar is contending that many acts performed by him in support of post war intelligence activities resulted in commendations that, because of their classified nature, were never made known. He asserts that his reputation and service record suffered.

2. We have been asked whether we can provide any substantiating information or background that would be helpful to the review of Mr. McCargar's request. I would appreciate any assistance that you can provide. Do not hesitate to call if any clarifications related to this request are required.

CONFIDENTIAL

FOR COORDINATION WITH

State

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2008

JAMES MCCARGAR

THE CASE AND PROBLEM

March 1985

1 - JMcC was a Career FSO from 1942 to 1953 (including 18 months service in the Navy, 1944-46, on military leave from the Foreign Service).

2 - From July 1946 to December 1947, while Chief of the Political Section of the American Legation at Budapest (i.e., for 18 of the 21 months of his Budapest assignment) JMcC was also the POND officer in Hungary. The POND was a code name at State for an intelligence operation founded in World War II, and continued thereafter, which was conducted jointly by the War and State Departments. Its Director, Col., later Gen. John V. Grombach, has referred to it in published works as the Secret Intelligence Branch of the War Department General Staff. One FSO in each American Embassy was the POND officer: he was provided with secret funds exclusively under his control and secret communications direct to the Department.

3 - Beginning in June 1947 JMcC was authorized to supplement his intelligence work with an escape network, aimed at saving from Soviet persecution individuals who had served American interests during both the Nazi and Soviet occupations. Until December 1947 JMcC saved 60 to 70 persons from arrest and/or death -- a number of whom were subsequently granted stipends and annuities by the U. S. Government. This included 5 persons personally removed by JMcC, on direct orders from the POND, through the Russian lines to Vienna, at great risk (in 1947 and 1948 the US Naval Attaches in Poland and Rumania met violent deaths, still unsolved).

4 - In view of Soviet and Hungarian Communist threats, JMcC (who was later listed in numerous Hungarian "White Papers" as an "imperialist spy") was removed from Budapest in December 1947. Shortly thereafter he received a cable from the POND which said in part: "Congratulations on tremendous job. Assure you outstanding commendation will be placed in your Foreign Service record..."

5 - Such a commendation was indeed provided, in 1948, to the State Department, for insertion in JMcC's file. But, as JMcC only learned in 1977, it was "withheld from his personnel file." (Despite two successive Privacy Act requests, 1978 and 1981, specifically requesting it, JMcC has never been provided with either the May 10, 1977, memorandum stating this -- nor has he ever, in the 37 years since, seen the 1948 commendation.)

6 - In late 1948, at the request of Frank G. Wisner, newly appointed as head of the Office of Policy Coordination (OPC), JMcC) was detailed to OPC, where he served as Chief of the Southeastern European Division. He received commendations for this service as well; but

neither they nor a later Efficiency Report revealed anything about the nature of JMcC's work, which was among the most highly classified in the Government at that time. Although OPC was administratively located in the CIA, this was then merely a "cover" for authorization from the NSC and policy direction from the Policy Planning Staff of the State Department. JMcC left OPC and returned to regular FS duty in June 1950, at his choice, when the Deputy Assistant Secretary of EUR (Tommy Thompson) refused to accept his appointment by Wisner as Station Chief in Vienna on the grounds that Career FSOs should not be doing such work in the field.

7 - During all this time JMcC was not promoted -- notwithstanding a natural assumption that in this period of the Berlin Blockade, the Soviet coup in Czechoslovakia, the birth of NATO, and the outbreak of the Korean War, his activities, if known, would have merited recognition; and notwithstanding a letter from his chief at Budapest (Selden Chapin, himself the first Director General of the Foreign Service) expressing concern at this lack of recognition. Ambassador Chapin's letter produced the following from FP: "...EE does not feel competent to judge whether the manner in which these officers executed the directives to which Ambassador Chapin refers justify the giving of honor awards...[Mr. Higgs of EE] is of the opinion that such recommendation would more properly be left to those authorities who gave to Ambassador Chapin the "directives" and "encouragement" of which he speaks..." Those "authorities" had, of course, in JMcC's case given such "recommendation" -- only to have it suppressed within the Department.

8 - During 1951 and 1952 JMcC, in conflict with his superior in the Paris Embassy, was rated by two Selection Boards among the lowest 10% of his class. The then-Director General of the Foreign Service (Gerry Drew) appeared himself before JMcC's 1952 Selection Board to plead his case -- but because of the highly secret nature of JMcC's work from 1946 to 1950, and the lack of security clearance of the public members of the Board, Drew could not answer the latter's questions as to what work JMcC actually performed. Advised by an Assistant Director of FP (Bill Boswell) in 1953 to resign, rather than be selected out, JMcC did so. (Only later did JMcC begin to understand that resignation seems to be even more negatively regarded than selection out in the Department.)

9 - In 1977, in view of the foregoing, and at the suggestion of Under Secretary Habib, JMcC appealed for an appointment at State, (actually as a Reserve FSO), in order to re-establish and improve his Federal pension rights. He did so not as a matter of right, but as one of a moral obligation by the Department, of equity, and of appropriate recognition of special services, some at great risk, all at great career cost, which had been improperly ignored -- some merely negligently, some possibly deliberately. The appeal was supported by a plethora of documentation, and by the White House, Under Secretary Habib, Ambassador Stoessel, Ambassador Herz (himself a witness to some of JMcC's Budapest

exploits), Senator Pell, and many others. The issue took 8 months to resolve, being finally addressed by Ben Read when he took over Management. Ignoring JMcC's protest that this was not a legal matter, and supporting material from others, Read convened (apparently -- Privacy Act requests have failed to produce the documents) a group from the Legal Advisor's Office and from the General Counsel's Office of the CIA. Read then refused JMcC's appeal, on the grounds that his group of lawyers had determined that the question of JMcC's secret work was not the reason for his resignation from the Foreign Service.

10 - Ultimately, thanks to continued pressure elsewhere, JMcC was appointed, in 1978, as Special Assistant to the Chairman of the National Endowment for the Humanities, where he received two Awards for Outstanding Performance. It was the opinion of the then-Chairman of NEH that the moral obligation to JMcC would receive greater recognition from the incoming Reagan Administration than it had from the Carter Administration, in view of their differences in policy towards the East, and that JMcC's term appointment at NEH (to October 1985) would therefore be respected. It was not, the new NEH Chairman abolishing JMcC's position, and forcing him into premature retirement in November 1982. When the President Pro Tem of the Senate inquired into this matter, the new NEH Chairman said it was an economy measure for which no exception should be made for "a Carter Administration appointee." (JMcC's appointment was as a GS 15, Schedule B, not Schedule C political.) The result was a 35 per cent cut in pension.

11 - JMcC is not seeking "to right an injustice," happy though that outcome would be. The question is to improve a position which is, through past negligence, past injustice, and current ignorance of the past, untenable. The key to this is recognition, long overdue, of past outstanding services, undertaken at great risk -- which recognition has been deliberately suppressed for 37 years. In the light of the time that has passed (during which JMcC has "kept the secrets"), and of more currently sympathetic views of those who early and effectively opposed the Russian domination of Eastern Europe, under valid authority, JMcC hopes that an effective recognition can be arranged.

12 - An appropriate act would be the award of an Army decoration (DSM, Silver Star) by the Secretary, Deputy Secretary, or Under Secretary for Political Affairs, of the State Department, in an eighth floor ceremony, which could be publicized to a greater or lesser degree corresponding to the Department's requirements at the time -- to be tied publicly (and in citation) only to JMcC's saving of lives in Hungary in the Stalin era.

POINTS RE CASE OF JAMES McCARGAR

March 1985

1 - JMcC was a Career FSO from 1942 to 1953 (including 18 months service in the Navy, 1944-46).

2 - From July 1946 to December 1947, while Chief of the Political Section of the US Legation at Budapest, JMcC was also the POND officer there. POND = secret operation conducted jointly by State & War Departments; 1 FSO in each Mission provided with secret funds and direct communications to and from secret office in State Department.

3 - Under POND authority JMcC saved lives of 60 to 70 persons in danger of arrest and/or death in Soviet occupation -- 5 of whom, on direct orders, he personally took through Russian lines to Vienna at great risk.

4 - After leaving Budapest, JMcC received POND message: "Congratulations on tremendous job. Assure you outstanding commendation will be placed in your Foreign Service record..." This was done in 1948, but, as JMcC only learned in 1977, it was "withheld from his personnel file." (Despite 2 Privacy Act requests, JMcC has still never seen it.) A 1949 letter from JMcC's Budapest chief, Selden Chapin, requesting recognition JMcC's work was rebuffed by FP on grounds should be recommended by those who authorized JMcC's work!

5 - From 1948-50, JMcC was detailed to OPC (ostensibly in CIA, actually worked under authority of NSC and policy direction of State), as Chief, Division of Southeastern European Affairs. Further commendations. When State refused to allow JMcC to serve as OPC Chief of Station, Vienna, on grounds improper work abroad for Career FSOs, JMcC chose to return to regular Foreign Service duty.

6 - As official record JMcC's secret work 1946-47 suppressed, he was not promoted after June 1947, despite public crises with Soviets. As public members of Selection Boards without security clearances, his Boards were not informed, despite their queries, of nature of his work 1948-50. Result: when in conflict with superior, Paris Embassy, 1951-52, was graded among lowest 10%. On advice FP resigned 1953.

7 - JMcC raised all this, at suggestion Secretary Habib, in 1977, in fully documented case, & requested, as matter of equity, appointment as Reserve FSO. Despite wide support, Under Secretary Read refused, on "legal" grounds JMcC's secret work not the reason for his resignation! JMcC then appointed Special Assistant to Chairman, National Endowment for the Humanities, where received 2 Awards for Outstanding Performance. Notwithstanding his appointment non-political, incoming Chairman NEH forced him into 1982 retirement, rebuffing query of President Pro Tem of Senate with assertion JMcC "Carter Administration appointee." Pension reduction=35%.

8 - JMcC seeks to improve present untenable position which is result past negligence, injustice, & current ignorance of past. Key is recognition, suppressed for 37 years, of past outstanding services undertaken at great risk. An appropriate act would be award, for saving lives in Hungary in Stalin era, of Army decoration (DSM, Silver Star) by high State Department official in eighth floor ceremony, publicized to greater or lesser degree as circumstances at time might indicate.

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1. The following is a list of the names of the persons who have been appointed to the various positions in the Department of the Interior, under the authority of the President, and who have been sworn in as such:

[illegible]

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